



STATE STREET.

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June 4, 2008

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

RE: Docket Number OP-1310

Policy on Payment Systems Risk – Daylight Overdraft Posting Rules

Dear Ms. Johnson:

State Street Corporation ("State Street") appreciates the opportunity to comment on the Policy Statement issued by the Board of Governors of the Federal Reserve System ("Board") relative to posting time within the FedACH system. Headquartered in Boston, Massachusetts, State Street specializes in providing institutional investors with investment servicing, investment management and investment research and trading. With \$14.9 trillion in assets under custody and \$2.0 trillion in assets under management as of March 31, 2008, State Street operates in 26 countries and more than 100 markets worldwide.

State Street welcomes the Board's efforts to strengthen intra-day liquidity within the Federal Reserve ("Fed") payment system. As noted in our response to the Board's June 21, 2006 Consultation Paper on Intra-day Liquidity Management and Payment Systems Risk Policy, we agree that there is an increasing demand for intra-day credit within the system, and as a result, it is prudent for the Board to consider measures to mitigate the associated risk. We view the proposal to change the posting time for commercial and government automated clearinghouse ("ACH") debit transfers processed via the FedACH system, to coincide with the posting time for corresponding credit transfers, as a useful first step. This would also have the effect of aligning FedACH posting times with those of the privately owned Electronic Payment Network.

First, State Street agrees that this proposal is likely to have a positive impact upon intra-day liquidity demands within the Fed payment system by enabling the systematic netting of offsetting ACH transactions. Similarly, State Street believes that in spite of some anticipated short-term dislocation, firms will ultimately be in a better position to manage their Federal Reserve Bank accounts if there is consistency in FedACH posting rules. Second, State Street notes the importance of measures which help promote operational consistency throughout the national ACH payment network. This includes a reduction in cross-system liquidity imbalances, as well as a decrease in overall operational risk. Finally,

State Street notes that the Board's proposed six month implementation timeframe should provide banks with sufficient opportunity to adjust existing funding strategies as required.

Thank you once again for the opportunity to comment on the proposed Policy Statement. Please do not hesitate to contact me should you have any questions regarding State Street's submission.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stefan M. Gavell', with a stylized, cursive script.

Stefan M. Gavell